

Message Text

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ACTION EUR-12

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TAGS: OVIP, PFOR, ETRP, PL, US

SUBJECT: UNCLEARED MEMCON BETWEEN SECRETARY ROGERS MORTON
AND MINISTER OF FOREIGN TRADE AND MARITIME AFFAIRS
JERZY OLSZEWSKI

REF A. STATE 243700; B. WARSAW 6942

1. SECRETARY MORTON CALLED ON JERZY OLSZEWSKI, POLISH
MINISTER OF FOREIGN TRADE AND MARITIME AFFAIRS, ON THE
MORNING OF OCTOBER 7. THE SECRETARY WAS ACCOMPANIED BY
ASSISTANT SECRETARY DOWNEY AND THE DCM.

2. MINISTER OLSZEWSKI SAID HE WAS PERSONALLY INTERESTED IN
POLAND'S TRADE WITH THE U.S. POLISH IMPORTS FROM THE U.S.
HAVE GROWN VERY RAPIDLY. ACHIEVING A SIMILAR INCREASE IN
POLISH EXPORTS TO THE U.S. IS A PROBLEM, SINCE POLAND
CANNOT BE A MAJOR COMPETITOR IN FIELDS DEMANDING THE
APPLICATION OF HIGH TECHNOLOGY.

3. OLSZEWSKI SAID THAT A RECENT CONFERENCE IN HIS MINISTRY
CONCLUDED THAT CERTAIN AREAS SHOULD BE STRESSED IN EXPANDING
POLISH EXPORTS TO THE U.S. THE FIRST OF THESE WAS TRADI-
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TIONAL FOOD PRODUCTS, PARTICULARLY CANNED MEAT AND VODKA.

THEY WERE NEGOTIATING WITH SEAGRAM'S TO BOTTLE POLISH VODKA IN THE U.S. FROM BULK SHIPMENTS. THEY ALSO HOPED TO EXPAND SALES OF CLOTHING IN THE U.S. MARKET, AND WERE DISCUSSING THE POSSIBILITY OF COOPERATION IN THE MANUFACTURE OF LEATHER SHOES FOR THE U.S. WITH BATA AND KATY INDUSTRIES.

4. TWO FURTHER MAJOR COOPERATION DEALS WOULD INVOLVE MAJOR POLISH EXPORTS TO THE WEST, ALTHOUGH NOT DIRECTLY TO THE U.S. THESE WERE THE GENERAL MOTORS PROJECT TO BUILD DELIVERY VANS IN POLAND AND THE PROPOSED COOPERATION WITH RCA AND CORNING ON THE PRODUCTION OF COLOR TELEVISION TUBES. WHILE POLAND IS CONCENTRATING ON THESE TWO MAJOR PROJECTS, THEY ARE INVESTIGATING POSSIBLE COOPERATION WITH OTHER U.S. FIRMS AS WELL. FOR EXAMPLE, THE MINISTER HAD URGED HIS SUBORDINATES TO SEEK A SOLUTION TO THE GOLF-CART QUESTION THROUGH COOPERATION WITH A U.S. FIRM WHICH MIGHT ASSEMBLE GOLF-CARTS IN THE U.S. USING COMPONENTS OF POLISH MANUFACTURE. HE HAD ALSO INSTRUCTED HIS SUBORDINATES TO INVESTIGATE U.S. MARKETS MORE THOROUGHLY BEFORE ENTERING THEM. FINALLY, THE MINISTER HAS URGED THE DEVELOPMENT OF COOPERATION WITH AMERICAN BUSINESSMEN OF POLISH EXTRACTION AND THE EXPORT OF GOODS FOR THE POLONIA MARKET. THESE WOULD TEND TO BE SMALL ITEMS, BUT THE MINISTRY HAS BEEN CAREFULLY SURVEYING THE BUYING HABITS OF AMERICAN TOURISTS VISITING POLAND, SINCE THEY FEEL THAT MARKETS FOR SMALL-VALUE PRODUCTS SHOULD NOT BE NEGLECTED IN THE EFFORT TO CLOSE THE TRADE GAP.

5. SECRETARY MORTON REPLIED THAT HE APPRECIATED THE POLISH DESIRE TO BALANCE ITS TRADE WITH THE U.S. THE PROPOSALS SET FORTH BY THE MINISTER SEEMED TO BE SENSIBLE ONES. ALTHOUGH THE ALCOHOLIC-BEVERAGE INDUSTRY IN THE U.S. WAS HIGHLY REGULATED, HE COULD SEE NO OBJECTION IN PRINCIPLE TO THE POLES INCREASING THEIR SHARE OF THE MARKET. ASSISTANT SECRETARY DOWNEY OBSERVED THAT THE FOREIGN INVESTMENT COMMITTEE WOULD HAVE TO APPROVE ANY POLISH INVESTMENT IN THE U.S. BEYOND A CERTAIN SIZE. SECRETARY MORTON SUGGESTED THAT THE POLES EXPLORE THE POSSIBILITY OF COOPERATION WITH SOME OF THE SMALLER IMPORTERS AND BOTTLERS SUCH AS BROWN FOREMAN OF KENTUCKY.

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6. IN THE AREA OF FOOD EXPORTS, THE SECRETARY SUGGESTED THE POSSIBILITY OF POLISH EXPORTS OF CONFECTIONERY PRODUCTS SINCE HE UNDERSTOOD THAT POLAND WAS NORMALLY AN EXPORTER OF SUGAR. HE SUGGESTED THEY MIGHT CONTACT FIRMS SUCH AS THE PILLSBURY COMPANY IN MINNEAPOLIS TO EXPLORE POSSIBLE AREAS OF COOPERATION.

7. THE SECRETARY EMPHASIZED THE NEED TO STUDY U.S. MARKETS

CAREFULLY BEFORE ENTERING THEM AND SUGGESTED THAT THE POLES RETAIN ONE OF THE LEADING FOOD-MARKETING CONSULTANTS TO ADVISE THEM. HE NOTED THAT THE MARKET FOR DEHYDRATED FOODS IN THE UNITED STATES IS A LARGE ONE, WHEREAS THE FROZEN-FOOD MARKET SEEMS SATURATED. THE SECRETARY DESCRIBED THE USE OF TEST-MARKETING CITIES IN THE U.S. OTHER POSSIBILITIES FOR POLISH EXPORTS MENTIONED BY THE SECRETARY WERE CUSTOM CASTINGS AND ELECTROPLATING. REFERRING TO THE MINISTER'S INTEREST IN THE POLONIA MARKET, THE SECRETARY NOTED THAT THERE ARE SIX MILLION AMERICANS OF POLISH EXTRACTION, ALL OF WHOM ARE PROUD OF THEIR HERITAGE, AND URGED THE MINISTER TO CONSIDER A PROMOTION PROGRAM AIMED AT THIS MARKET.

8. SECRETARY MORTON ASKED WHETHER POLAND WAS MANUFACTURING A SMALL TRACTOR FOR INDIVIDUAL FARMING. DURING THE MEETING AND THE SUBSEQUENT LUNCH, HE OUTLINED THE SUCCESS THE CHINESE HAD HAD WITH A LOW-HORSEPOWER GARDEN TRACTOR WHICH COULD BE ADAPTED FOR A NUMBER OF USES AND WAS A HIGHLY SUCCESSFUL SUBSTITUTE FOR THE HORSE. SUCH A TRACTOR, HE SAID, ONLY EATS WHEN IT WORKS. HE SUGGESTED THAT PRODUCTION OF SUCH A MACHINE IN POLAND MIGHT BE A USEFUL WAY TO RAISE PRODUCTIVITY ON THE LAND. HE OFFERED TO PUT THE MINISTER IN TOUCH WITH A FIRM IN TROY, NEW YORK, WHICH MANUFACTURES SUCH SMALL TRACTORS.

9. SECRETARY MORTON EMPHASIZED HIS AGREEMENT WITH THE MINISTER'S CONCEPT THAT TRADE MUST BE A TWO-WAY STREET. HE NOTED THAT HE HAD NOT BEEN IN OFFICE AT THE TIME THE POLISH GOLF-CART DUMPING CASE WAS DEVELOPING, AND EXPRESSED THE VIEW THAT IT MIGHT HAVE BEEN AVOIDED IF THERE HAD BEEN MORE CAREFUL MARKET RESEARCH AND IF THE POLES HAD TAKEN THE OPPORTUNITY TO CONSULT WITH THE TREASURY AND OBTAIN AN LIMITED OFFICIAL USE

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ADVISORY OPINION AT AN EARLY STAGE.
DAVIES

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